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Firestone

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DEC 22 1961

ANNUAL REPORT



Fiscal Year Ended October 31, 1961



THE FIRESTONE TIRE & RUBBER COMPANY



New Butylaire



New De Luxe Champion



New Transport-100 Truck Tire

New Tires Introduced During the Past Year

In the lobby of the Firestone Research Building in Akron are the words: "Best Today, Still Better Tomorrow." Throughout the Firestone organization, hundreds of scientists, engineers and technicians are hard at work, seeking constantly to make this basic policy a living reality. That they are successful, is evidenced by the many new products Firestone introduced during the past year. The tires shown on this page represent only a part of their accomplishments. They have made important contributions to all divisions of our business.

Ever since our Company was founded, research and development have been of primary importance, accounting in large measure for the position of leadership which Firestone holds today in the world of industry. And, in the years to come, Firestone will keep everlastingly at the never-ending task of making and selling the "Best Today, Still Better Tomorrow."



New Nylon "500"



New Champion



New Duplex Truck Tire

ANNUAL REPORT

The Firestone Tire & Rubber Company

General Offices: 1200 Firestone Parkway, Akron 17, Ohio

Fiscal Year Ended October 31, 1961

Table of Contents

Facilities	2
Products	4
Directors and Officers	7
Financial Highlights	8
Report to Stockholders	9
Consolidated Balance Sheet	12
Consolidated Income Statement	14
Income Invested in the Business	14
Additional Capital	14
Auditors' Report	15
Ten-year Statement of Operations	16
Change in Working Capital	18
Distribution of Income	18
News and Notes	19

DOMESTIC FACILITIES

TIRE PLANTS

Akron, Ohio
Dayton, Ohio
Des Moines, Iowa
Los Angeles, California
Memphis, Tennessee
Pottstown, Pennsylvania

TEXTILE PLANTS

Bennettsville, South Carolina
Gastonia, North Carolina

INDUSTRIAL PRODUCTS PLANTS

Fall River, Massachusetts
Los Angeles, California
Noblesville, Indiana

METAL PRODUCTS PLANTS

Akron, Ohio
Quincy, Illinois
Wyandotte, Michigan

AIR SPRING PLANT

Noblesville, Indiana

FOAM RUBBER AND POLYURETHANE PLANTS

Corry, Pennsylvania
Fall River, Massachusetts

WHEEL AND RIM PLANTS

Akron, Ohio
Fall River, Massachusetts
Noblesville, Indiana
Quincy, Illinois
Wyandotte, Michigan

PLASTIC PRODUCTS PLANT

Pottstown, Pennsylvania

PLASTIC RESINS PLANTS

Hopewell, Virginia
Orange, Texas
Pottstown, Pennsylvania

SYNTHETIC FIBERS PLANT

Hopewell, Virginia

BRAKE LINING PLANT

New Castle, Indiana

ELASTIC THREAD PLANTS

Fall River, Massachusetts
Hopewell, Virginia

DEFENSE PRODUCTS PLANTS

Akron, Ohio
Fall River, Massachusetts
Los Angeles, California
Magnolia, Arkansas
New Bedford, Massachusetts
Noblesville, Indiana

RUBBER RECLAIMING PLANTS

Akron, Ohio
Los Angeles, California
Memphis, Tennessee

SYNTHETIC RUBBER PLANTS

Akron, Ohio
Lake Charles, Louisiana
Orange, Texas
Pottstown, Pennsylvania

BUTADIENE PLANT

Orange, Texas

TIRE PROVING GROUNDS

Columbiana, Ohio
Fort Stockton, Texas

RESEARCH LABORATORIES

Akron, Ohio
Fall River, Massachusetts
Noblesville, Indiana
Pottstown, Pennsylvania

OPERATED FOR U. S. GOVERNMENT

Ravenna Arsenal, Ravenna, Ohio

FOREIGN FACILITIES

TIRE PLANTS

Alcochete, Portugal
Askim, Norway
Bethune, France
Bilbao, Spain
Bombay, India
Brentford, England
Buenos Aires, Argentina
Calgary, Alberta, Canada
Christchurch, New Zealand
Hamburg, West Germany
Hamilton, Ontario, Canada
Manila, Republic of the Philippines
Mexico City, Mexico
Montevideo, Uruguay
Osaka, Japan
Port Elizabeth, South Africa
Pratteln, Switzerland
Sao Paulo, Brazil
Valencia, Venezuela
Viskafors, Sweden

TEXTILE PLANTS

Bilbao, Spain
Buenos Aires, Argentina
Sao Paulo, Brazil
Woodstock, Ontario, Canada

INDUSTRIAL PRODUCTS PLANTS

Bilbao, Spain
Brentford, England
Hamburg, West Germany
Hamilton, Ontario, Canada
Port Elizabeth, South Africa
Viskafors, Sweden

METAL PRODUCTS PLANT

Bilbao, Spain

FOAM RUBBER PLANTS

Bilbao, Spain
Sao Paulo, Brazil

DEFENSE PRODUCTS PLANT

Hamilton, Ontario, Canada

RUBBER RECLAIMING PLANTS

Bilbao, Spain
Buenos Aires, Argentina
Hamburg, West Germany
Port Elizabeth, South Africa
Sao Paulo, Brazil

SYNTHETIC RUBBER PLANTS

Bareilly, India
Port Jerome, France

BUTADIENE PLANT

Bareilly, India

STYRENE PLANT

Bareilly, India

RUBBER PLANTATIONS

Cavalla, Liberia
Harbel, Liberia
Itubera, Brazil
Makilala, Republic of the Philippines

EXPERIMENTAL RUBBER PLANTATION

Retalhuleu, Guatemala

RUBBER PREPARATION PLANTS

Cavalla, Liberia
Harbel, Liberia
Singapore

PRODUCTS

TIRES AND TUBES for domestic and foreign passenger cars, trucks, trailers, buses, tractors, aircraft, race cars, karts, motorcycles, boat trailers, farm implements, wagons, mobile homes, earth-moving machines, road graders, industrial trucks, hoists, cranes, wheelbarrows, lawn mowers, specialized military equipment and all types of wheeled vehicles.

RUBBER: Natural rubber and latex; FR-S, Coral, Diene, Butaprene-N, Butyl rubber solution base for roof paint; depolymerized Butyl rubber for caulking compounds; and other synthetic rubbers and latices; rubber and carbon black master batches; rubber and resin master batches; reclaimed rubber; road, playground and parking deck surfacing materials; tire treading and repair materials.

FOAM PRODUCTS: Natural and synthetic rubber and polyurethane foam for mattresses, pillows, furniture cushioning, automotive cushioning, pads, slabs.

METAL PRODUCTS: Rims for trucks, buses, tractors, trailers and earth-moving machines; wheels for farm implements, trucks, tractors, buses, trailers, earth-moving machines, and industrial applications; axles, hubs and spindles for farm implements, industrial applications and specialized military vehicles; boat trailers; farm wagons and boxes; wagon hoists; steel and aluminum stampings and fabrications; anodized aluminum, stainless steel and chrome-plated trim for the automotive and home appliance industries; stainless steel containers, beverage dispensers and barrels; aluminum carrying cases and many other metal products for a wide range of uses.

PLASTICS: Calendered film and sheeting for many industrial, commercial and household uses, including films for self-adhering decorative applications and commercial decalcomanias, baby pants, automotive cable wrapping, window shades, venetian blind tapes and metal folding door laminates; sheeting for inflatable items including camping mats, laminates for scuff-proof upholstery and luggage and floor covering; non-toxic rigid sheeting for vacuum-formed food containers; high-impact rigid sheeting for lamp shades and ceiling use; extruded polyethylene films for packaging and industrial uses; polypropylene film for electrical cable wrapping; and many other plastic products.

INDUSTRIAL PRODUCTS: Automotive and fractional horsepower V-belts; radiator hose; engine mountings; vibration isolators; Airide springs for trail-

ers, trucks and buses; Airmounts for isolation and actuation of industrial machinery; Air-Blok for dunnage; home appliance and railroad brake hose; Climatite weather sealing; Flexlite expansion joint material; Diatex webbing; calendered sheets; molded goods; washing machine wringer rolls; farm implement rolls; Fabritanks for transporting and storing liquids and dry materials; gaskets; golf ball thread; gun butt recoil pads; rubber-to-metal molded parts; caster wheels; bushings; grommets; washers and many other extruded, molded and fabricated products.

TEXTILES: Rayon and nylon tire cord; heavy denier nylon multifilament yarn for tire cord and industrial use; extruded monofilaments, including vinylidene chloride and polypropylene for various fabrics such as outdoor furniture webbing and automotive seat covers; nylon for tire chafer; polyethylene for aerial tow targets; textured or lofted nylon filament for carpeting; cotton thread and yarn; coated fabrics; rubber-coated nylon liquid storage tanks and dams; natural and synthetic rubber and polyurethane elastic threads and yarns.

BRAKE LINING: Organic and metallic friction materials for cars, trucks, tractors, trailers, industrial machinery, clutches and automatic transmissions.

CHEMICALS: Butadiene; polypropylene; phenolic resins; nylon resins; styrene resins; vinyl stabilizers; adhesive chemicals; reclaiming agents; polyvinyl and chloride latices and copolymers; resins for many applications, including calendered film and sheeting, extruded shapes, electric wire and cable covering, injection molding, plastisol coating and molding, protective coatings and floor covering.

ADHESIVES: Natural and synthetic rubber adhesives meeting government quality specifications; plastic and epoxy adhesives for high strength bonding; ceramic tile cement; and many other special purpose adhesives; adhesive tapes.

DEFENSE PRODUCTS: Guided missiles; missile launchers and transportation equipment; tank cannon; recoilless rifles; artillery shells and shell loading; tank tracks and rollers; gas masks; helmet liners; inflatable rubber boats and floats; collapsible fuel systems; life belts and vests; radomes; rolling fuel and liquid transporters; trailers and dollies; jet engine and missile motor components; fuel cells, tires and tubes for all types of defense vehicles and aircraft. Military research and development in many fields.



Approximately 60,000 Firestone dealers and stores throughout the United States and Canada provide car owners with convenient,

expert service. Relocation and modernization keep this network of retail outlets attractive and adjacent to trading areas.

HOUSEHOLD APPLIANCES: Refrigerators, food freezers, gas and electric ranges, combination washers and dryers, automatic washers and dryers, wringer washers, water heaters, irons, hair dryers, television sets, radios, stereo high-fidelity record players, vacuum cleaners, air conditioners, electric fans, evaporative coolers, electric heaters, toasters, roasters, grills, waffle irons, electric frying pans, food mixers, coffeemakers, corn poppers, ice cream freezers, knife sharpeners, wrist watches, wind-up and electric clocks, electric shavers, electric irons, electric blankets, electric pads and a wide range of other products.

HOME AND GARDEN SUPPLIES: Hardware, card tables and chairs, power tools and accessories, electrical supplies, dinnerware, kitchen accessories, kitchen utensils and cutlery, rubbish burners, laundry equipment, bathroom scales and hampers, cleaning equipment and materials, indoor and outdoor paints and painting supplies, hand and power lawn mowers, rotary tillers, garden tools and carts, garden hose and sprinklers, fertilizers and chemicals and many others.

RECREATION SUPPLIES: Bicycles and velocipedes, karts, roller skates, outdoor play pools and gym sets, outboard motors and boats, fishing equipment, guns and ammunition, picnic and barbecue supplies, golf clubs and supplies, croquet and badminton sets, baseball and softball equipment, football and basketball equipment, lawn furniture, raincoats, swimming supplies, cameras and photo equipment, typewriters, binoculars, toys and others too numerous to mention.

AUTOMOTIVE SUPPLIES: Batteries, spark plugs, tune-up and ignition parts, brake lining, hydraulic brake parts, shock absorbers, grease seals, oil and air filters, fan belts, radiator hose, anti-freeze, exhaust system parts, tire chains, car washing supplies and chemicals, car air conditioners, seat covers, and hundreds of other accessories for cars, trucks and tractors.



Dealer and store personnel are trained to give motorists expert advice on the care, repair and selection of tires for cars, trucks, tractors, buses and all wheeled vehicles from lawn mowers and garden carts to farm tractors and earth-moving equipment.



Thousands of Firestone dealers and stores stock and sell hundreds of products for home and farm and for work and recreation, as well as automotive supplies and equipment.

The Board of Directors



Seated, left to right, Lee R. Jackson, Raymond C. Firestone, Harvey S. Firestone, Jr., James E. Trainer. Standing, left to right, Leonard K. Firestone, Roger S. Firestone, Joseph Thomas, Elton H. Schulenberg, Harvey H. Hollinger, Earl B. Hathaway.

THE FIRESTONE TIRE & RUBBER COMPANY

HARVEY S. FIRESTONE, *Founder*

DIRECTORS

HARVEY S. FIRESTONE, JR., *Chairman*
LEE R. JACKSON
RAYMOND C. FIRESTONE
JAMES E. TRAINER
HARVEY H. HOLLINGER

LEONARD K. FIRESTONE
ROGER S. FIRESTONE
JOSEPH THOMAS
ELTON H. SCHULENBERG
EARL B. HATHAWAY

OFFICERS

HARVEY S. FIRESTONE, JR., *Chairman*
RAYMOND C. FIRESTONE, *President*
JAMES E. TRAINER, *Executive Vice President*
ELTON H. SCHULENBERG, *Vice President and Treasurer*
JOSEPH THOMAS, *Vice President and Secretary*
EARL B. HATHAWAY, *Vice President*
JOSEPH A. MEEK, *Vice President*
LOUIS J. CAMPBELL, *Vice President*
HERBERT H. WIEDENMANN, *Vice President*
JOHN N. STREET, *Vice President*
LEE R. SHANNON, *Comptroller*
JOHN F. FLOBERG, *General Counsel*
CLAUDE A. PAULEY, *Administrator, Insurance and Compensation*
ELDEN H. EATON, *Assistant Treasurer*
ROBERT P. BEASLEY, *Assistant Treasurer*
HENRY S. BRAINARD, *Assistant Secretary*
BYRON H. LARABEE, *Assistant Secretary*
JOHN K. SMUCKER, *Assistant Comptroller*
REID J. MONTGOMERY, *Assistant Comptroller*

PRESIDENTS OF DIVISIONS

CHARLES M. BARNES, *The Dayton Tire & Rubber Company*
MARIO A. DiFEDERICO, *Firestone Steel Products Company*
LEONARD K. FIRESTONE, *Firestone Tire & Rubber Company of California*
ROGER S. FIRESTONE, *Firestone Plastics Company & Firestone Synthetic Fibers Company*
JOSEPH W. GREENEN, *World Bestos Corporation*
WILLIAM A. KARL, *Firestone Textiles Company*
BYRON H. LARABEE, *Firestone Plantations Company*
RICHARD A. RILEY, *Firestone Rubber & Latex Products Company*
JAMES C. ROBERTS, *Firestone Synthetic Rubber & Latex Company*
CARL R. SHAFFER, *Xylos Rubber Company*
RANDALL D. SMITH, *Firestone Industrial Products Company*
WALTER D. WAUGH, *Firestone International Company*

Financial Highlights

	1961	1960
Net Sales	\$1,182,695,998	\$1,207,247,997
Net Income	63,629,583	65,029,463
Per Cent of Net Income to Net Sales	5.4%	5.4%
Net Income per Share of Common Stock	2.35	2.40
Book Value per Share of Common Stock	22.15	21.23
Cash Dividends	26,983,120	26,447,797
Net Income Invested in the Business	36,646,463	38,581,666
Wages, Salaries and Employee Benefits	329,479,357	338,996,452
Taxes	169,486,839	156,124,014
Depreciation	49,067,380	45,729,818
Capital Expenditures	70,870,317	82,811,262
Net Working Capital	383,731,584	380,643,113
Long-Term Debt	75,985,330	76,900,000
Common Dividends per Share	Cash Stock	1.00 2%

Report to Stockholders

On behalf of the Board of Directors, we present the consolidated statement of our Company for the fiscal year ended October 31, 1961.

Net sales amounted to \$1,182,695,998 compared with \$1,207,247,997 for the previous fiscal year. Total sales were 2% lower than last year, primarily because of reduced passenger car and truck production early in the year, which adversely affected sales of original equipment tires and other automotive products. However, sales of replacement tires remained at a high level throughout the year and we are pleased to report that both sales and profits for the last six months of the year were the highest in our history for any like period.

Net income was \$63,629,583 equal to \$2.35 per share of Common Stock, compared with \$65,029,463 equal to \$2.40 per share of Common Stock last year, both based on the average number of shares outstanding.

Profits of foreign subsidiaries were \$22,233,376. Devaluation of assets in certain foreign subsidiaries resulted in a charge of \$6,884,558 to the Reserve for Foreign Investments, provided from income in prior years.

Dividends received from associated foreign companies in which we own a minority interest are included in net income. For the year ended December 31, 1960, our estimated equity in the net income of these companies was \$1,030,000 greater than the dividends which we received, and our equity in their net assets at December 31, 1960, was \$6,044,000 in excess of our investment cost.

Taxes totaled \$169,486,839 and consisted of income taxes \$60,550,000, excise taxes \$89,322,538, social security taxes \$9,030,782 and property and miscellaneous taxes \$10,583,519.

We redeemed \$14,850,000 of long-term debt including the remaining \$12,000,000 of Twenty Year 3% Debentures which matured May 1, 1961.

Expenditures for new facilities, additions and improvements amounted to \$70,870,317 compared with \$82,811,262 in 1960. Provision for depreciation amounted to \$49,067,380 compared with \$45,729,818

last year. Net working capital increased from \$380,643,113 at October 31, 1960, to \$383,731,584 at October 31, 1961.

Cash dividends paid on the Common Stock of the Company continued at the rate of \$1.00 per share and amounted to \$26,983,120. In addition, a 2% stock dividend was paid on October 31, resulting in transfers from Income Invested in the Business of \$1,125,342 to the Common Stock account and \$23,924,764 to Additional Capital.

Under the 1951 Employees' Incentive Stock Option Plan, there were outstanding options for 31,792 shares of Common Stock on November 1, 1960. These options were exercised during the year and the Plan terminated. On November 1, 1960, under the Employees' Incentive Stock Option Plan of 1960, which was approved by shareholders at the January 16, 1960, annual meeting, 1,326,000 shares were reserved for employees' options. On October 31, 1961, after giving effect to the 2% stock dividend, 440,732 shares were subject to outstanding options granted during the year and 911,788 shares were available for the granting of additional options during the remaining nine years that the Plan will be in effect. The purpose of the Plan is to secure for the Company and its shareholders the benefits of the incentive inherent in Common Stock ownership by key employees who, in the judgment of a Committee of Directors, will be largely responsible for its future growth and continued success.

We purchased the tire manufacturing facilities and certain brand names and trade marks of the Dayco Corporation of Dayton, Ohio. The plant is being operated on a very satisfactory basis by The Dayton Tire & Rubber Company, a wholly-owned Firestone subsidiary.

New facilities which went into production include a polybutadiene (Diene) and polyisoprene (Coral) synthetic rubber plant and a polypropylene resin plant, all at the Firestone Petrochemical Center at Orange, Texas; textured, continuous nylon filament (Nyloft) and polypropylene filament production lines, both at Hopewell, Virginia; and a new tire plant at Bethune, France, which is serving the fast-growing European Common Market.

The continuing increase in automobile ownership in many parts of the world has expanded the markets for tires. Japan, for example, has the largest number of motor vehicles registered in Asia. Uruguay and Norway also offer excellent prospects for tire sales. To serve these growing markets, we acquired an equity interest in Ohtsu Rubber Industry Co., Ltd. of Osaka, Japan, and entered into technical service agreements under which Firestone tires will be produced by that company and by Fabrica Uruguaya de Neumaticos, S. A. of Montevideo, Uruguay, and Aktieselskabet Askim Gummivarefabrik of Askim, Norway. Firestone tires produced in these plants will be distributed through our own sales organizations. Tires manufactured under these agreements will be the same high-quality products now made by Firestone plants throughout the world.

World consumption of rubber was the highest in history, although demand in the United States was slightly less than in the previous year. The price of natural rubber, during our fiscal year, ranged from a high of 32½ cents a pound in May, 1961, to a low of 27½ cents in October, 1961. The price of synthetic rubber was unchanged at 23 cents.

With the world-wide demand for tires and other rubber products constantly expanding, we have taken steps to increase our production of both natural and synthetic rubbers. Early in 1962, our new synthetic rubber plant at Port Jerome, France, will begin operation to supply the European Common Market, including our tire plant at Bethune, France. During 1962, production will also begin in the butadiene, styrene and synthetic rubber plants at Bareilly, India, in which we have a substantial financial interest. Our program of replacing rubber trees on our plantations in Liberia with higher-yielding stock and developing our plantations in Brazil, the Philippines and Guatemala continues on schedule.

Extensive, modern facilities are maintained for research, development and testing of new products and for the improvement of the quality and performance of existing products. These facilities include laboratories for basic and applied research

and for advanced development in such widely diversified fields as natural and synthetic rubbers, rubber compounds, adhesives, petrochemicals, textiles and metal products, as well as centers for the study of materials and equipment.

Our proving ground at Fort Stockton, Texas, continued to provide valuable data on tire performance and safety. Its 7.7-mile test track and its many kinds of roads, which simulate those encountered by car and truck owners, allow Firestone engineers to study and test carefully all types of tires under every driving condition.

Extensive testing of farm, tractor, implement and off-the-highway tires continues at the Firestone Homestead Farms at Columbiana, Ohio. Throughout the years, this test center has been of great value to our farm tire engineers and in our development of large earth-mover tires.

For the 38th consecutive time, Firestone tires were on the winning car in the Indianapolis 500-Mile Race as well as on the winning cars in nearly all of the more important race car and stock car events. At Lake Bonneville, Utah, twelve new speed records were set on our tires.

The highly-successful Firestone bladed tread design became an added feature of our Nylon Safety Champion, Nylon Champion and Champion passenger car tires. Two-ply passenger car tires were developed and perfected and are now original equipment on most compact and some regular model 1962 automobiles. The superior traction and long-wearing qualities of Firestone Town & Country winter tires, which have been preferred by millions of motorists as the safest ice, mud and snow tires on the market, were further improved through the use of Diene, our new synthetic rubber which retains its flexibility under extreme cold conditions and increases mileage up to 30 per cent.

Our new Transport-100 truck tire, with its entirely new design concept, is rapidly becoming the standard of the industry. It has been enthusiastically adopted by truck and bus manufacturers for original equipment and by owners and operators for replacement. Our new Duplex truck tire, which

takes the place of dual tires, is finding wide favor in the trucking industry. Firestone Steel Products Company engineers developed the wheel and rim used with this tire. This revolutionary development represents a major technological break-through and again demonstrates our tire, wheel and rim leadership. Improvements in compounding, construction and processing were made throughout our tire lines.

To answer the ever-increasing demands of truckers for tougher, longer-wearing brake lining, research at our World Bestos division again proved its value with the introduction of Met-L-Loy, a new-type, heavy-duty brake lining which won immediate acceptance.

The Firestone Synthetic Fibers Company at Hopewell, Virginia, introduced Nyloft, a textured, continuous nylon filament which has gained wide popularity in the carpet industry. Since its introduction, repeated plant expansion has been necessary to keep up with the demand for this product.

Our plants are producing tires for all types of military vehicles and aircraft. Production contracts were obtained from the Armed Forces for such important military items as new combat-type gas masks, helmet liners, fuel cells, guided missile and rocket components, coated fabric boats, neoprene mattresses, gun tubes, artillery shells and anti-tank ammunition. We continued to produce tracks and wheels for the M-113 armored personnel carrier and the M-88 vehicle retriever, as well as radomes, rolling liquid transporters, fabritanks for storage of dry and liquid materials and M-151 Mutt vehicle stampings. We are continuing research and development on other important defense projects.

Our dealer franchise is constantly improved to keep it the most profitable and progressive in the tire industry. The introduction of our "Road Hazard Guarantee" on all passenger car tires strengthened the value of our franchise. Throughout the free world, the familiar red and white Firestone sign identifies our products through a strong, independent dealer organization dedicated to the service of the motoring public. Additional distribution strength is added by the Firestone Stores in the United States and Canada, which efficiently and

profitably serve thousands of our dealers and commercial accounts and millions of retail customers.

During the year, the Board of Directors elected John N. Street, Vice President; Lee R. Shannon, Comptroller; and Reid J. Montgomery, Assistant Comptroller.

Lee R. Jackson, who rose through the ranks to become President, and more recently Vice Chairman, retired after more than 48 years of loyal and inspiring service to the Firestone organization. He continues to serve as a Director and consultant.

To our thousands of dealers and the men and women in our plants, offices, stores, warehouses, branches and plantations throughout the world, we extend our appreciation for their help in making this another successful year. With the constantly-increasing demand for tires and other products which we make and sell, and with the strength we possess in every division of our business, we are looking forward with confidence to the new year.

Respectfully submitted,

Harvey S. Firestone, Jr.
Chairman

Raymond C. Firestone
President

December 18, 1961

The Firestone Tire

CONSOLIDATED BALANCE SHEET

ASSETS	1961	1960
CURRENT ASSETS		
Cash	\$ 45,491,918	\$ 43,854,725
Accounts and Notes Receivable, Less Reserve	233,640,844	226,636,442
Inventories, at Lower of Cost or Market (domestic rubber inventories principally on last-in, first-out basis):		
Raw Materials and Supplies	\$ 73,097,482	\$ 68,673,943
In-Process Products	19,129,671	18,464,565
Finished Goods	<u>195,453,843</u>	<u>196,492,870</u>
Total Inventories	<u>\$287,680,996</u>	<u>\$283,631,378</u>
Total Current Assets	<u>\$566,813,758</u>	<u>\$554,122,545</u>
OTHER ASSETS		
Securities Owned, at Cost	\$ 9,591,665	\$ 5,968,070
Miscellaneous Assets	<u>4,508,293</u>	<u>2,733,146</u>
	<u>\$ 14,099,958</u>	<u>\$ 8,701,216</u>
REAL ESTATE, PLANTS AND EQUIPMENT, AT COST		
Land and Improvements	\$ 18,705,780	\$ 19,104,306
Buildings and Building Fixtures	131,822,801	123,720,923
Machinery and Equipment	<u>453,469,757</u>	<u>413,041,761</u>
	<u>\$603,998,338</u>	<u>\$555,866,990</u>
Less: Reserves for Depreciation and Amortization	<u>310,795,503</u>	<u>282,128,905</u>
	<u>\$293,202,835</u>	<u>\$273,738,085</u>
DEFERRED ASSETS		
Prepaid Expenses and Deferred Charges	\$ 4,602,156	\$ 2,960,480
Debenture Discount and Expense	<u>816,111</u>	<u>922,316</u>
	<u>\$ 5,418,267</u>	<u>\$ 3,882,796</u>
	<u><u>\$879,534,818</u></u>	<u><u>\$840,444,642</u></u>

U.S. Rubber Company

STATEMENT OF FINANCIAL POSITION
AT OCTOBER 31, 1961 and 1960

LIABILITIES	1961	1960
CURRENT LIABILITIES		
Foreign Bank Loans	\$ 23,462,554	\$ 11,871,952
Accounts Payable and Accrued Items	109,293,234	96,443,962
Long-Term Debt Due Within One Year, Less Debentures in Sinking Funds: 1961 - \$2,950,000; 1960 - \$2,383,000	—	12,467,000
United States Taxes on Income, Less U. S. Treasury Securities: 1961 - \$18,928,111; 1960 - \$9,958,671	26,937,479	31,372,866
Foreign Taxes	<u>23,388,907</u>	<u>21,323,652</u>
Total Current Liabilities	<u>\$183,082,174</u>	<u>\$173,479,432</u>
LONG-TERM DEBT		
Twenty-five-year 2½% Debentures, Due January 1, 1972	\$ 13,750,000	\$ 14,500,000
Twenty-five-year 3¼% Debentures, Due May 1, 1977	60,200,000	62,400,000
Notes — Foreign	<u>2,035,330</u>	—
	<u>\$ 75,985,330</u>	<u>\$ 76,900,000</u>
RESERVES		
For Foreign Investments	\$ 6,759,207	\$ 13,667,102
For Risks Not Covered by Insurance Policies	<u>1,200,000</u>	<u>1,200,000</u>
	<u>\$ 7,959,207</u>	<u>\$ 14,867,102</u>
MINORITY INTEREST IN SUBSIDIARY COMPANIES	\$ 2,313,066	\$ 2,424,936
SHAREHOLDERS' EQUITY		
Preferred Stock (Cumulative), Par Value \$100 per Share, Authorized 150,000 Shares, None Issued		
Common Stock, Authorized 36,000,000 Shares (1,352,520 reserved for employees' options) without Par Value:		
Outstanding 27,548,361 Shares	\$ 57,392,419	\$ 56,200,844
Additional Capital	111,317,358	86,683,421
Income Invested in the Business	<u>441,485,264</u>	<u>429,888,907</u>
Total Shareholders' Equity	<u>\$610,195,041</u>	<u>\$572,773,172</u>
	<u>\$879,534,818</u>	<u>\$840,444,642</u>

Consolidated Income Statement
for the years ended October 31, 1961 and 1960

	1961	1960
Net Sales	\$1,182,695,998	\$1,207,247,997
Other Income	6,229,276	6,578,199
Total Income	<u>\$1,188,925,274</u>	<u>\$1,213,826,196</u>
Deduct:		
Cost of Goods Sold	\$ 824,641,370	\$ 853,821,970
Depreciation and Amortization	49,067,380	45,729,818
Selling, Administrative and General Expenses	186,354,171	182,810,241
Interest and Debenture Discount and Expense	3,561,268	3,576,506
Miscellaneous Deductions	1,121,502	1,258,198
Domestic and Foreign Taxes on Income	60,550,000	61,600,000
	<u>\$1,125,295,691</u>	<u>\$1,148,796,733</u>
Net Income	<u><u>\$ 63,629,583</u></u>	<u><u>\$ 65,029,463</u></u>

Income Invested in the Business

Balance at Beginning of Year	\$ 429,888,907	\$ 409,711,421
Net Income for the Year	63,629,583	65,029,463
	<u>\$ 493,518,490</u>	<u>\$ 474,740,884</u>
Dividends:		
Preferred — Annual Rate \$4.50 per Share	\$ —	\$ 26,533
Common — Cash \$1.00 per Share	26,983,120	26,421,264
— Stock — 2% (540,164 shares at market value) ...	25,050,106	—
— Stock — 2% (528,949 shares at market value) ...	—	18,380,977
	<u>\$ 52,033,226</u>	<u>\$ 44,828,774</u>
Premium on Preferred Stock Retired	—	23,203
	<u>\$ 52,033,226</u>	<u>\$ 44,851,977</u>
Balance at End of Year	<u><u>\$ 441,485,264</u></u>	<u><u>\$ 429,888,907</u></u>

Additional Capital

Balance at Beginning of Year	\$ 86,683,421	\$ 68,163,378
Excess of Market over Stated Value of Common Stock		
Issued as a Stock Dividend	23,924,764	17,279,001
Adjustments from Sales of Common Stock	709,173	1,241,042
Balance at End of Year	<u><u>\$ 111,317,358</u></u>	<u><u>\$ 86,683,421</u></u>

Auditors' Report

TO THE BOARD OF DIRECTORS,
THE FIRESTONE TIRE & RUBBER COMPANY:

In our opinion, based upon our examination of the financial statements of companies located in the United States and in certain foreign countries and upon the reports received from other accountants who examined the financial statements of other major foreign subsidiaries, the accompanying consolidated balance sheet and related consolidated statements of income, income invested in the business and additional capital, together with the information regarding foreign earnings included elsewhere in the company's annual report, present fairly the consolidated financial position of The Firestone Tire & Rubber Company and subsidiary companies at October 31, 1961, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, N. Y.
December 18, 1961

Transfer Agents

FIRST NATIONAL CITY TRUST COMPANY, New York
THE FIRESTONE TIRE & RUBBER COMPANY, Akron

Registrars

THE FIRST NATIONAL CITY BANK OF NEW YORK
THE FIRESTONE BANK, Akron

Auditors

LYBRAND, ROSS BROS. & MONTGOMERY

Ten-Year Statement of Operations

YEAR	1961	1960	1959
Net Sales	\$1,182,695,998	\$1,207,247,997	\$1,187,784,024
Income Before Income Taxes	\$ 124,179,583	\$ 126,629,463	\$ 129,046,848
Net Income	\$ 63,629,583	\$ 65,029,463	\$ 64,596,848
Per Cent of Net Income to Net Sales	5.4%	5.4%	5.4%
Net Income Per Share of Common Stock*	\$2.35	\$2.40	\$2.39
Cash Dividends	\$ 26,983,120	\$ 26,447,797	\$ 22,456,162
Net Income Invested in the Business	\$ 36,646,463	\$ 38,581,666	\$ 42,140,686
Wages, Salaries and Employee Benefits	\$329,479,357	\$338,996,452	\$314,407,636
Taxes	\$169,486,839	\$156,124,014	\$152,486,795
Depreciation	\$ 49,067,380	\$ 45,729,818	\$ 40,661,088
Capital Expenditures	\$ 70,870,317	\$ 82,811,262	\$ 48,476,032
Net Working Capital	\$383,731,584	\$380,643,113	\$394,491,835
Current Ratio, Assets to Liabilities	3.10 to 1	3.19 to 1	3.58 to 1
Long-Term Debt	\$ 75,985,330	\$ 76,900,000	\$ 91,750,000
Preferred Stock	—	—	\$ 800,000
Common Shareholders' Equity	\$610,195,041	\$572,773,172	\$532,837,499
Common Shares Outstanding**	27,548,361	26,976,405	26,382,096
Number of Common Shareholders	24,202	20,396	16,870
Common Dividends Per Share:			
Cash**	\$1.00	\$1.00	\$.86%
Stock	2%	2%	2%

*Based on Average Number of Shares Outstanding Adjusted for Stock Splits and Stock Dividends.

**Adjusted to Reflect Three-For-One Stock Split of January 25, 1960 and
Two-For-One Stock Split of January 25, 1955.

For Fiscal Years Ended October 31

1958	1957	1956	1955	1954	1953	1952
1,061,590,801	\$1,158,884,304	\$1,115,179,783	\$1,114,870,187	\$916,047,040	\$1,029,402,035	\$965,364,427
107,201,650	\$ 119,842,152	\$ 119,788,848	\$ 114,278,916	\$ 81,509,944	\$ 94,148,971	\$ 83,981,717
53,751,650	\$ 61,692,152	\$ 60,538,848	\$ 55,378,916	\$ 40,509,944	\$ 46,748,971	\$ 43,081,717
5.1%	5.3%	5.4%	4.9%	4.4%	4.5%	4.4%
\$1.99	\$2.30	\$2.29	\$2.11	\$1.55	\$1.81	\$1.68
\$ 22,001,940	\$ 21,512,909	\$ 21,294,388	\$ 20,422,698	\$ 15,276,059	\$ 15,147,962	\$ 14,132,972
\$ 31,749,710	\$ 40,179,243	\$ 39,244,460	\$ 34,956,218	\$ 25,233,885	\$ 31,601,009	\$ 28,948,745
\$296,368,795	\$323,257,415	\$307,376,534	\$295,434,772	\$257,836,704	\$292,004,132	\$254,686,652
\$130,039,948	\$142,599,286	\$128,375,793	\$128,871,967	\$ 98,119,426	\$109,681,148	\$100,278,140
\$ 41,415,782	\$ 38,965,327	\$ 36,933,867	\$ 32,020,916	\$ 27,870,048	\$ 24,672,257	\$ 20,715,013
\$ 37,766,473	\$ 73,724,656	\$ 58,570,529	\$ 55,723,138	\$ 43,693,495	\$ 43,679,581	\$ 42,951,683
\$359,961,160	\$329,064,436	\$321,281,115	\$308,185,327	\$300,703,549	\$293,337,497	\$288,231,430
3.81 to 1	2.78 to 1	3.00 to 1	3.46 to 1	4.25 to 1	3.97 to 1	4.02 to 1
\$ 96,500,000	\$101,150,000	\$105,700,000	\$110,150,000	\$114,500,000	\$118,750,000	\$121,500,000
\$ 2,000,000	\$ 3,200,000	\$ 4,400,000	\$ 5,600,000	\$ 6,800,000	\$ 8,000,000	\$ 9,200,000
\$488,949,858	\$456,149,416	\$405,054,088	\$364,889,854	\$328,096,995	\$300,322,185	\$267,685,831
25,778,655	25,218,093	24,337,332	24,247,908	23,989,752	23,628,372	23,477,958
16,316	16,003	15,681	15,440	14,856	15,075	15,159
\$.86% 2%	\$.86% 2%	\$.86% 2%	\$.83% 2%	\$.62½ 2%	\$.62½ 2%	\$.58½ 2%

Change in Working Capital for 1961

ADDITIONS TO NET WORKING CAPITAL

Net Income	\$ 63,629,583
Depreciation	49,067,380
Common Stock Issued Under the Incentive Stock Option Plan	775,406
Long-Term Debt: Notes — Foreign	2,035,330
Total	<u>\$ 115,507,699</u>

DEDUCTIONS FROM NET WORKING CAPITAL

Cash Dividends	\$ 26,983,120
Capital Expenditures	70,870,317
Reduction in Long-Term Debt: Debentures	2,950,000
Increase in Securities Owned	3,623,595
Devaluation of Assets of Certain Foreign Subsidiaries	6,884,558
Miscellaneous Items	1,107,638
Total	<u>\$ 112,419,228</u>

INCREASE IN NET WORKING CAPITAL FOR 1961

\$ 3,088,471

Distribution of Income for 1961

INCOME

From Customers for Goods Sold	\$1,182,695,998
From Customers for Excise Taxes	89,322,538
From Other Sources	6,229,276
	<u>\$1,278,247,812</u>

DISTRIBUTION OF INCOME

Per Cent

Materials, Fuel, Transportation and Other Expenses	51.9	...	\$ 663,023,385
Wages, Salaries and Employee Benefits	25.8	...	329,479,357
Taxes	13.2	...	169,486,839
Depreciation on Buildings and Equipment	3.8	...	49,067,380
Interest on Borrowed Money3	...	3,561,268
Cash Dividends	2.1	...	26,983,120
Invested in the Business	2.9	...	36,646,463
	<u>100.0</u>		<u>\$1,278,247,812</u>

Names and Sounds of Firestone People, Plants, Products and Processes



John F. Kennedy, President of the United States presented to Raymond C. Firestone, President of The Firestone Tire & Rubber Company, representing American Industry, the 1961 Humanitarian Service Award of the Eleanor Roosevelt Cancer Foundation.

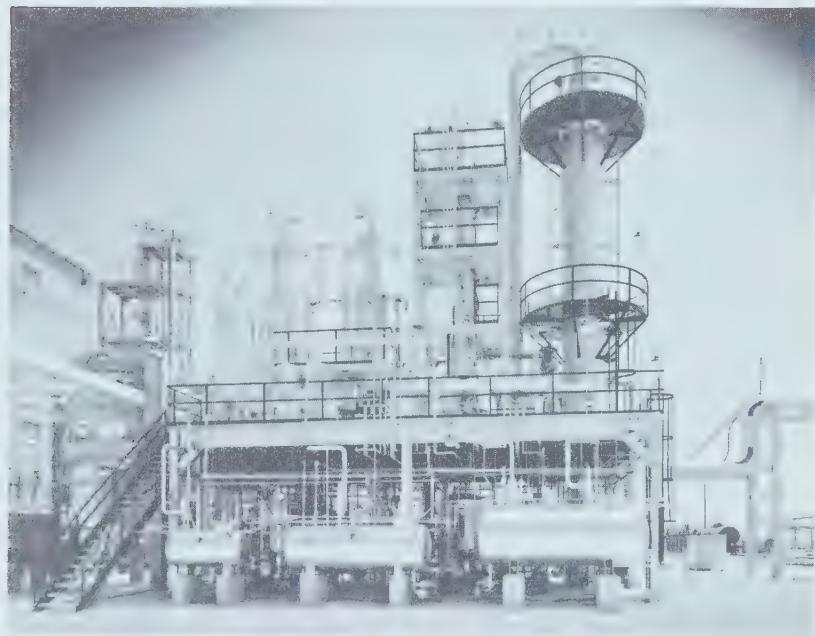


Harvey S. Firestone, Jr., Chairman of The Firestone Tire & Rubber Company and Mary Pickford with Mrs. Madeleine Edison Sloane, daughter of Thomas Alva Edison and Charles Edison, son of the great inventor at the ceremony during which a bust of Mr. Edison was installed in the Hall of Fame at New York University. Mr. Firestone spoke of his boyhood association with Mr. Edison and the long friendship of Mr. Edison with Harvey S. Firestone, the founder of our Company.



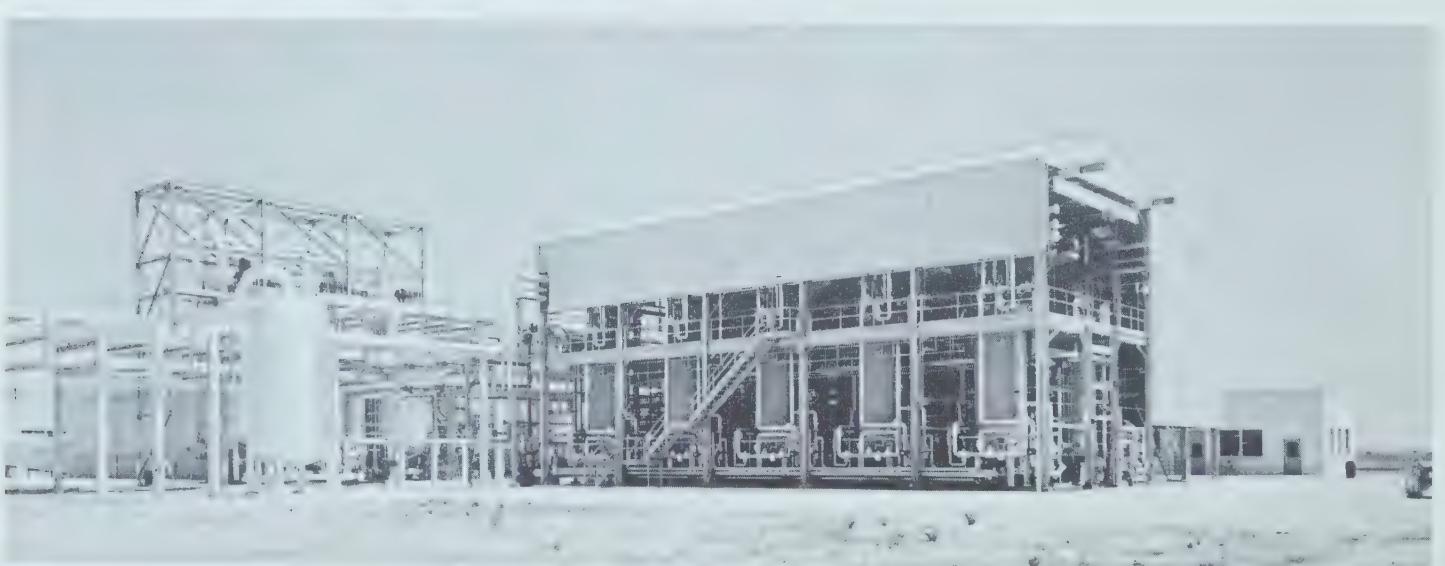
In March, 1961, The Firestone Tire & Rubber Company purchased the tire manufacturing facilities and certain brand names of The Dayton Tire & Rubber Company, a division of the Dayco

Corporation, at Dayton, Ohio. This will provide Firestone with the additional manufacturing capacity necessary to take care of the Company's constantly increasing tire business.



(Left) A new plant for the manufacture of polypropylene was built at the Firestone Petrochemical Center at Orange, Texas. A portion of the polypropylene made here is shipped to the Firestone Synthetic Fibers plant at Hopewell, Virginia, for use in the manufacture of polypropylene filament and yarn.

(Below) Early in the year, a new plant went into operation at the Firestone Petrochemical Center at Orange, Texas, for the manufacture of Diene and Coral synthetic rubbers, both of which were developed by the Firestone Research Laboratories. Coral is a complete replacement for natural rubber, while Diene, when blended with natural or other synthetic rubbers, improves their qualities.



One of the most modern and efficient tire plants in the world began operation at Bethune, France, as the key Firestone tire factory serving the growing European Common Market. It is strategically located to supply tires for the ever-increasing numbers of Firestone dealers and owners of automotive vehicles in many countries of western Europe.



The new Firestone Synthetic Rubber plant at Port Jerome, France, will become a source of Diene and other types of synthetic rubber for our new tire plant at Bethune, France, and for the European Common Market. It is strategically located near sources of the raw materials from which Diene is made.



In order to take advantage of the steadily increasing tire market in Japan, our Company purchased an interest in Ohtsu Rubber Industry Company, Ltd., Osaka, Japan, and concluded an agreement with this organization for the manufacture of Firestone tires which will be sold through the Firestone selling organization in Japan.



Our Company concluded a technical service agreement with Aktieselskabet Askim Gummidriffabrik at Askim, Norway. This company will make Firestone tires for sale through the Firestone sales organization in the growing Norwegian automotive market.



A licensing and technical service agreement was made with Fabrica Uruguay Neumaticos, S. A., in Montevideo, Uruguay, under which Firestone will provide this Company with technical assistance. This company will manufacture Firestone tires for distribution through the Firestone sales organization in Uruguay.



Among the new products introduced by the Electric Wheel Company, a division of Firestone Steel Products Company is a carry-all car trailer.



Firestone Steel Products Company developed a new rim and wheel for Duplex truck tires, which take the place of dual wheels and rims.



New and improved models of Premix tanks for soft drink dispensing machines were introduced during the year by the Firestone Steel Products Company.



Firestone Airmounts, made by the Firestone Industrial Products Division at Noblesville, Indiana, cushion delicate instruments and absorb the shock of heavy machines.



Firestone Air-Blok dunnage protects shipments against damage in transit on railroad cars, ships and aircraft. Air-Bloks are made in the Noblesville, Indiana, industrial products plant.

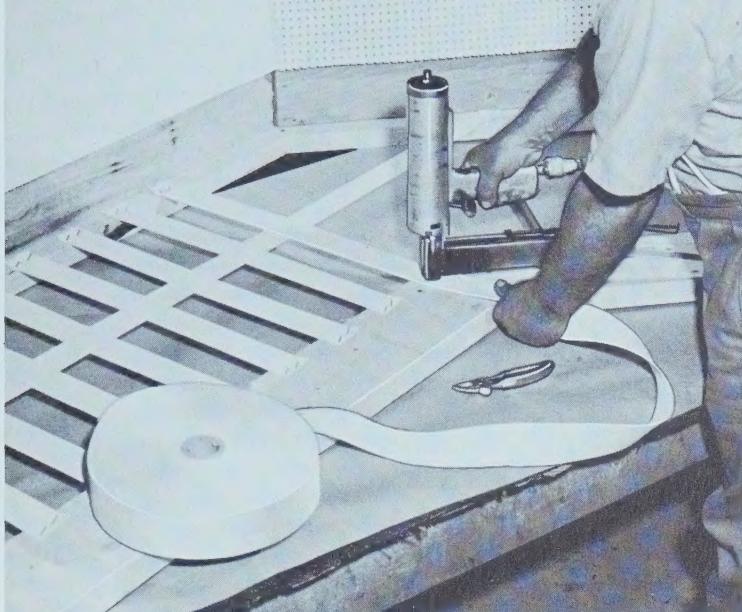


Semi-pneumatic tires used on toys rank only behind passenger car and truck tires in volume. Firestone produced 10,000,000 tires of this type during the fiscal year in its Noblesville, Indiana, plant.



(Above) Boat trailers of many different types and sizes are manufactured at the Electric Wheel Company plant at Quincy and they are equipped with Firestone Airide springs.

(Left) Electric Wheel Company at Quincy, Illinois, a division of Firestone Steel Products Company, manufactures farm wagons for many leading farm equipment companies.



Diatex webbing, used in furniture manufacturing, is made in our Fall River, Massachusetts, and our Los Angeles, California, plants. It gives luxurious cushioning and is so easily applied that it reduces furniture manufacturing costs.



One of the most important new products introduced during the year is Nyloft, a continuous filament lofted nylon yarn for rugs and carpeting, made by the Firestone Synthetic Fibers Company plant at Hopewell, Virginia.



All plastic filament operations are now concentrated at the Firestone Synthetic Fibers plant at Hopewell, Virginia, including polypropylene, Velon and nylon extrusions.



Firestone Exxon polyvinyl resins, made in the Firestone Plastics Company plant at Pottstown, Pennsylvania, are used in a wide range of commercial and industrial products.



Firestone Velon film and sheeting have a wide range of uses including self-adhering decorative materials, window shades, automotive cable wrapping and inflatable products.



(Left) Natural and synthetic rubber and polyurethane foam products including mattresses, cushioning, pads, slabs and pillows are made in the Firestone Rubber & Latex Products plants at Fall River, Massachusetts, and Corry, Pennsylvania.

(Right) Firestone was the first rubber company to produce its own nylon filament for tire cord, in accordance with its policy of quality control from raw materials to finished products.

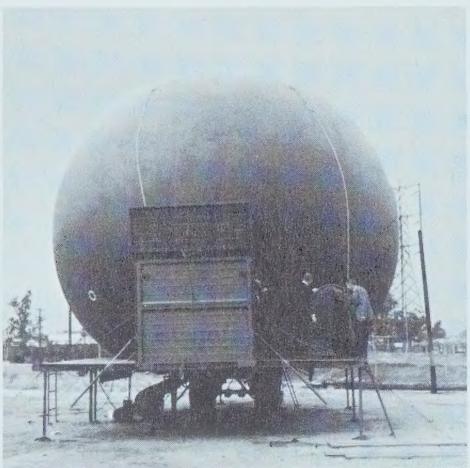




Orders have been received from the Defense Department for the production of tracks and wheels for the new M-113 armored personnel carrier. They will be manufactured in the Firestone Industrial Products plant at Noblesville, Indiana.



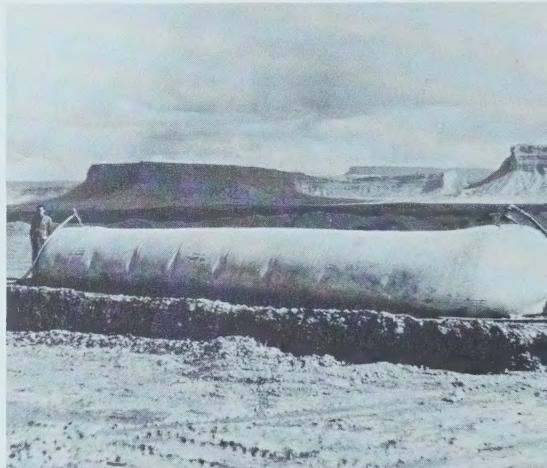
For more than twenty years, Firestone has been a major supplier of tank assemblies for the armed forces. The Firestone Industrial Products Company maintains facilities for the manufacture of tracks and wheels for tanks.



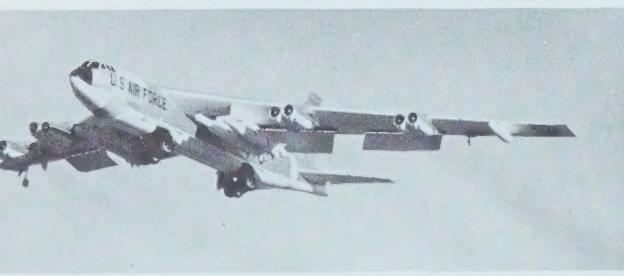
New lightweight Firestone radome made of rubberized nylon is part of the new Frescanar three-dimensional radar system, used by the Army in its air defense missile system.



Firestone rolling liquid transporters are being developed for the armed forces for the rapid transportation of fuel and oil to locations not easily reached by other means of transport.



Firestone Fabritanks for storing dry materials and liquids either underground, under water or on the surface are made for both military and civilian applications.



(Left) Firestone is supplying fuel cells and tires for the new B-52H bombers, equipped to carry long range, air-launched ballistics missiles.

(Right) In cooperation with the Frankford Arsenal, Firestone developed a mount for the Davy Crockett recoilless rifle which fires conventional or atomic warheads. It can be mounted on a jeep or manually carried.



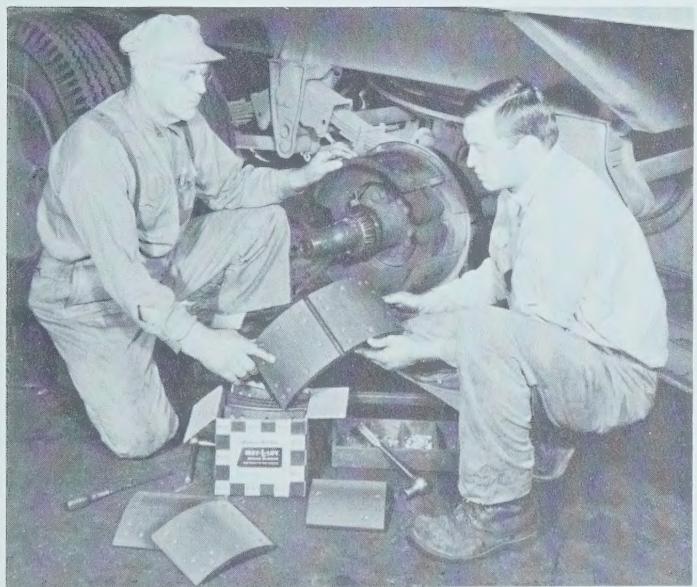
(Left) Our New Bedford, Massachusetts, plant is in production on 155-millimeter and 90-millimeter artillery shells. It also has produced large quantities of 106-millimeter shells.



(Right) Our Fall River, Massachusetts plant is in production on the new M-17 combat gas mask developed by the Army Chemical Corps.



A. J. Foyt, winner of the 1961 Indianapolis 500-mile race is congratulated by E. B. Hathaway, Vice President in charge of sales. For the thirty-eighth consecutive time, Firestone tires were on the car which won this great annual speed classic which serves as an outdoor testing laboratory for the automotive industry. During the year, Firestone tires were also on the winners in nearly all of the important race car and stock car events throughout the country, such as those at Atlanta, Daytona, Charlotte, Milwaukee, Trenton and Darlington, and set 14 new speed records at Lake Bonneville, Utah.



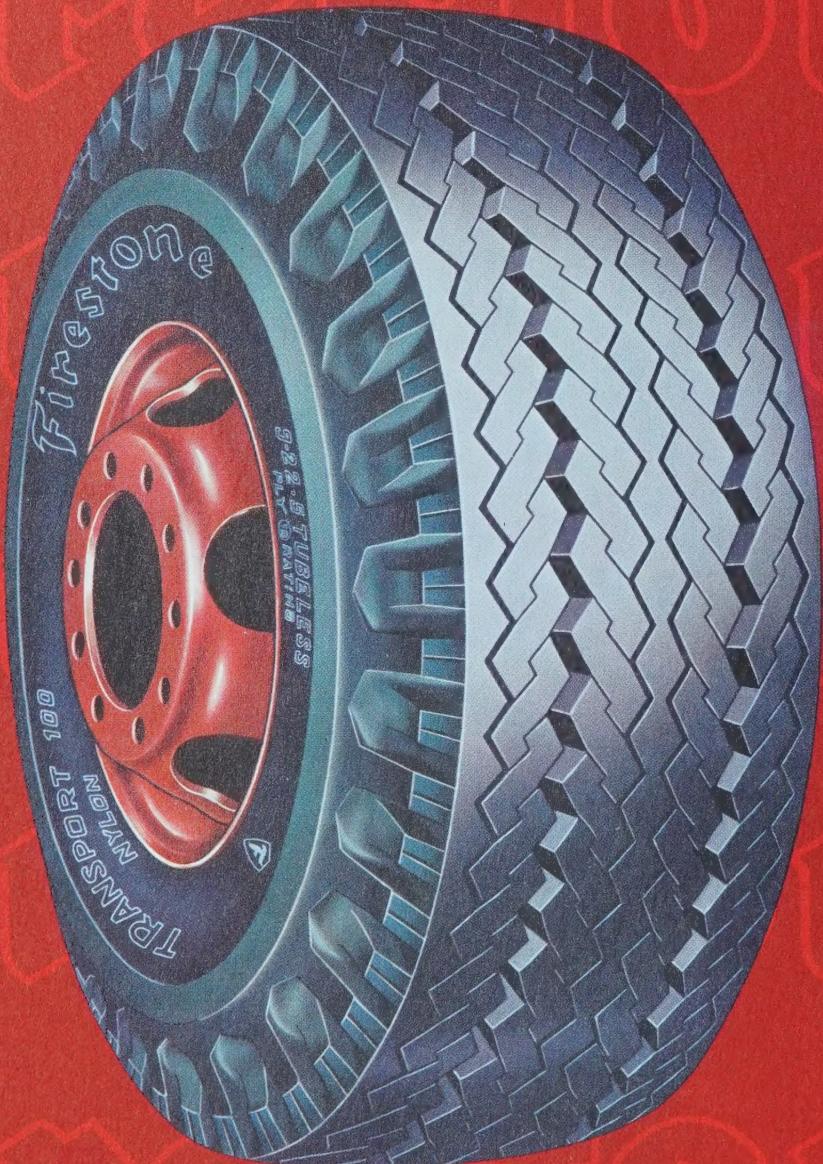
World Bestos Corporation, Firestone's brake lining division at New Castle, Indiana, introduced a new type of heavy-duty brake lining called Met-L-Loy, which provides increased safety and greater operating economy on trucks and trailers.



Xylos Rubber Company, a wholly-owned division of The Firestone Tire & Rubber Company, introduced a new type of wall tile adhesive, a new stone-to-fiberboard adhesive, new sealants for pavements and asphalt built-up roofs and a new caulking and sealing compound.



THE MARK OF QUALITY



BEST TODAY...STILL BETTER TOMORROW